UNITED STATES OF AMERICA

+ + + + +

MINERALS MANAGEMENT SERVICE

OCS ALTERNATIVE ENERGY AND ALTERNATE USE

DRAFT PROGRAMMATIC EIS

+ + + + +

PUBLIC HEARING

+ + + + +

MONDAY, APRIL 16, 2007

+ + + + +

The meeting came to order at 10:00 a.m. in the main auditorium of the Main Interior Building, 1849 C Street, NW, Washington, DC. John Gasper, Moderator, Presiding.

PRESENT:

JOHN GASPER

MODERATOR

MINERALS MANAGEMENT SERVICE

MANAGEMENT SERVICE MAUREEN BORNHOLDT MARY BOATMAN WILL WASKES MINERALS MANAGEMENT SERVICE

ALSO PRESENT:

SANDRA YOUNG ALLIANCE TO PROTECT NANTUCKET

SOUND

MAX CHAMOVITZ OREC

ZACH CORRIGAN FOOD AND WATER WATCH

P-R-O-C-E-E-D-I-N-G-S

2 10:03 a.m. 3 MR. GASPER: Well welcome, everyone. I'd 4 like to welcome you to the first public hearing for 5 the Outer Continental Shelf Alternative Energy and Alternate Use Programmatic EIS. This kicks off the 6 7 first of I think eight different public hearings around the country. And you're the very first to hear 8 9 to speel, and get an opportunity to talk. So thanks 10 for coming. 11 My name is John Gasper. I'm with Argonne 12 National Laboratory. the folks who We're 13 supporting MMS in preparation of this programmatic 14 EIS. And we're here to take your comments and make 15 sure they're reflected in the final EIS. At this point in time, I'd like to 16 17 introduce Maureen Bornholdt, who's the program manager 18 for the Alternative Energy and Alternate Use Program 19 at the Minerals Management Service. She'll give a 2.0 brief presentation. And then after that, we'll open 21 the floor for comments. 22 Maureen? 23 MS. BORNHOLDT: Good morning and welcome. I think you all need to move down a little 24 25 You're not exactly filling up this space. Come

1 on. Move down. Make this a nice chat with regard to 2 the programmatic EIS. said, 3 As John mу name is Maureen 4 Bornholdt, and I'm the program manager for the 5 Minerals Management Service's program on OCS Alternative Energy and Alternate Use. 6 MMS manages the ocean 7 Well, who is MMS? energy resources and mineral resources on the outer 8 continental shelf, and federal and Indian mineral 9 10 revenues to enhance public trust and benefit and 11 promote responsible use and realize fair value. 12 The Minerals Management Service is 13 responsible for approximately two billion acres on the 14 federal outer continental shelf. Our jurisdiction 15 begins classically from about three miles from shore, except in Texas and Florida in the Gulf of Mexico, 16 17 where it's about nine nautical miles from shore. 18 We minister and manage about 8,500 leases. 19 And we contribute to the national Treasury about \$8 20 billion a year. But we're not here to talk about offshore 21 22 oil and gas. We're here to talk about our new 23 responsibilities under the Energy Policy Act and our 24 draft programmatic EIS that has just been issued, and

is open for public comment.

The Energy Policy Act was signed by the President on August 8, 2005. In that huge document, there are 23 separate provisions associated with offshore resource management, including alternative energy and alternate use.

Well, what does the Energy Policy Act do for alternative energy and alternate use for the Department of the Interior? Basically, Section 388 of EPAct amended the Outer Continental Shelf Lands Act and gave the Secretary of the Interior the lead agency responsibility for moving forward on renewable energy, or as we call it alternative energy and alternate uses on the outer continental shelf.

DOI then, in turn, designated the Minerals Management Service to go ahead and implement and create a program. So MMS' tasks under EPAct are to develop a regulatory regime that considers and ensures consultation with affected states, and of the stakeholders of the federal agencies. We have the discretion to grant leases, easements, or other access means, like rights of way, onto the OCS for these types of projects.

We will develop a regulatory regime that ensures enforcement with plans, compliance and conditions. We will require federal financial

security, bonding to make sure that folks that are operating on the OCS are bonded, as well as provide a fair return to the nation for use of our public resources. That will be in the form of payments, rentals.

It is also important to understand what the EPAct did not do, what we don't have jurisdiction for. Our new authority does not supersede or modify existing federal authority. For example, for liquid natural gas ports, that is still executed by the Maritime Administration and Coast Guard. They still have to permit those things. That is not new. We did not receive that type of authorization.

As well, other federal statutory compliance issues, for instance, NEPA, Endangered Species Act, Clean Air/Clean Water Act -- our new projects and authorities under Section 388 or Section 8P under the Outer Continental Shelf Lands Act must adhere to those federal statutes. There are no exemptions.

As well, our new authority does not apply to areas designated as national reed sanctuaries, national parks, national wildlife refuges, or any national monuments. And as well, we do not have authority over any kind of OTEC -- ocean thermal

energy projects. I believe that's NOAA.

So why are we here today? We're here today to talk about the proposed action, which is the establishment of an alternative energy and alternate use program, and how that is evaluated and analyzed in a programmatic EIS.

So just to give you some examples of what we consider as alternative energy, it would be wind energy, wave, ocean current, offshore solar energy, as well as hydrogen generation. Just to give you a sense of what some of these machines look like, this is classic wind technology that's employed or deployed offshore Europe, to give you a sense of the size and the evolution of these ultra-wind turbines. And we'll take a look mainly at 3.6s, that's what I believe Cape Wind is proposing in Nantucket Sound.

Typically, these wind farms are laid in this type of fashion, although it could be something else. But again, to give you a flavor of the types of scenarios that the EIS took a look at, as well as ocean wave technology, their point absorbers in this side, and attenuators, the gap of the energy from the waves.

There's also ocean current technology that's being deployed. And those are almost like

under or submerged water turbines that gather the energy from currents.

will be taking a look at previously or future permitted structures under the OCS Lands Act, and using them in a different fashion perhaps for aquaculture, research, education, recreation, offshore oil and gas support, and telecommunications. The caveat there is that if any of these activities are already authorized by another statute, then they won't be considered an alternate use activity under Section 388 or Section 8P of the OCS Lands Act.

So there's some challenges in developing this program. And the main one is the changing nature of the technology and of the industry. It's a rapidly evolving technology. It's basically unproven in U.S. waters, although wind farms have been sited offshore Europe. It's a nascent industry. It's an emerging industry. And there's uncertain viability associated with that.

So as a first step, we decide to get a good understanding of what the general interface is between these technologies and the offshore marine environment. So we decided to do a programmatic EIS.

Classically, you prepare programmatic EISs

2.0

to first and foremost involve the public early in identifying issues of concern. And that's particularly important here because we don't have experience in this nation of deploying these types of technologies in the marine environment. So it's very, very important to get this kind of input.

We also do programmatic EISs to address implementation of a new federal program -- this is really good for us because we haven't developed a new federal program in a long time here at the Minerals Management Service -- as well as to identify generic impacts of alternate use of existing facilities.

People have always talked about using these previously permitted OCS allay facilities, but now we get a chance to take a look at what does that mean.

It also offers us an opportunity to recommend mitigation measures on a general broad level, as well as inform the decision maker of the environmental consequences of implementing a program.

Again, this is a broadcast. It's not a site-specific, or project-specific or technology-specific analysis. It is a broad evaluation of these technologies in the marine environment.

So basically, our particular programmatic

EIS is taking a look at the purpose and need. And that purpose is the evaluation of a federal program in the outer continental shelf for alternative energy and alternate use.

We're taking a look at mitigation and impacts from siting, impacts coming from construction, and mitigation common sense For instance, if you can really site mitigation. something well, and understand and evaluate the environmental impacts associated with the siting, maybe you can avoid some hazards or other issues. That in of itself is a good solid mitigation to begin with, as well as the EIS looking at alternatives to the proposed program.

You have, of course, the no action alternative. If we do not develop a program, we do nothing. There is no development, no permitting for alternative energy and alternate use.

One of the alternatives is to take a look at dealing with it on a case-by-case basis. Again, do not issue regulations, just basically receive proposals and evaluate them on a case-by-case basis. There's no template perhaps for mitigation or for a lease template. You just deal with it on a case-by-case basis. And of course, the proposed action is to

1

2

3

4

5

6

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

take a look at it from the perspective of coming up with an organized predictable program and process for evaluating and providing access to these activities.

We're taking a look at short- and long-term impacts, again on a very global broadcast. Those sorts of issues will be further defined when you get to a region or a site-specific EIS. And it also describes how public concerns are dealt with with regard to the scoping hearings that we held around the nation.

So the scope of our EIS. Basically our time frame is taking a look at the next five to seven years. And that's an acknowledgement over the rapidly evolving technology. It's very difficult to take a look into a crystal ball and see what may happen in 15 years, because we're very ingenious as human beings, and who knows what kind of technology will be adapted or created.

So, we're taking a look at the next five to seven years for this program -- programmatic EIS. The technologies that we're evaluating in our draft PEIS are wind, wave, and ocean current, because we believe in the next five to seven years, those will be the technologies and the uses that will be employed.

As well as for the geographic location for

our scope, we're taking a look at the East Coast, the West Coast, and the Gulf Coast. You'll see that Hawaii and Alaska are not on here. Hawaii is not on here because of the way that the slope drops off very quickly. And so most of the types of technology will be in deeper water than we believe will be deployed in the next five to seven years. As well as Alaska's not on here, as well. We scoped that out. And that's a belief that the technology there in the environment -- we're probably not going to projects in the federal OCS during this five- to seven-year time frame. More than likely you'll probably see state projects.

But that does not mean that if there were a project that came on the federal OCS in Alaska and Hawaii that we would not take a look at them. They would be subject to their site-specific NEPA documentation, and of course, whatever regulations and technical and environmental reviews that MMS would require. So just for the programmatic EIS, we took a look at what was reasonably likely to occur in the next five to seven years.

And again, the other dilemma there is federal waters. We have to look at our jurisdiction.

And that's basically three nautical miles from shore,

1

2

3

4

5

6

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

as well as we do not cover the Great Lakes. 1 So if 2 something were to go into the Great Lakes, that would 3 not be a Minerals Management Service Section 388 4 permitted activity. 5 So the types of activities or phases analyzed for wind, wave and ocean current are site 6 7 characterization. What kinds of activities 8 associated with putting a Met Tower out, 9 anchoring one of these point source absorbers, or one 10 of these attenuators. 11 Technology testing -- to put something out 12 there perhaps not to plug into the grid, but just to 13 test this technology. That's an activity that we 14 evaluated in the programmatic EIS to understand the 15 general interfaces of the marine environment. Construction and installation activities 16 -- and we're finding that that's probably where we'll 17 18 see the most impacts to the marine environment. 19 And operation, as well as decommissioning -- the removal of those facilities once electrical 20 21 generation is completed. And then we also identified 22 mitigation measures. 23 I'm not going to go through this slide,

but it gives you kind of the sense of the breadth of

resources that we analyzed, things that people are

24

familiar with -- air quality, marine military uses of the area, other uses of the area. Marine coastal birds -- a key issue when it comes to offshore renewable energy permitting, fish resources and essential fish habitats, sea turtles. But it gives you a sense of what is in the programmatic EIS -- the resources that we analyzed.

So what are we looking for today? Well, we are most importantly looking for your comments. Again, this is really a new and emerging technology — a new and emerging program. We don't have preconceived notions. This is, like I said, new, new, new. So we really truly need to have you take a look at the draft programmatic EIS from this broad scope, and give us your input and your comments.

We want to understand the issues of concern for federal agencies, your trust resources and the things that you perhaps have had experiences with with regard to energy development in the marine environment. We need to understand those things.

Also we want input on potential areas of interest -- type of technology, timing, if you're aware of because of the work that you do or some new technology coming on line that could be placed in the federal OCS that would be under Section 388. We want

to hear that, and hear what your concerns are.

If you know of any monitoring or mitigation measures. We do know that there's a very robust onshore wind program that the Bureau of Land Management does on federal lands, as well as there's a lot of private land owners that are permitting this type of construction on their property.

If you're aware of any mitigation that's come through from one of those onshore projects that may have applicability in the offshore environment, we want to hear that. And we want to receive information on identification of environmental and predictive information -- modeling.

What about scouring? If anybody does any kind of scouring models, or any kind of physical and oceanographic modeling that can help us understand what the implications could be with regard to siting, constructing and offering one of these facilities on the outer continental shelf, we want that input.

This, I think, presents a unique opportunity to provide input to the federal government on this. This is new. Again, there's no preconceived notion. We truly are embracing any kind of comment that we receive. It has to be constructive though.

So what is our goal? The draft EIS was

1 issued and published on March 16th. This is our first 2 public hearing, as John has said already. 3 moving on to New Jersey, Massachusetts, New York. 4 We'll be on the West Coast in Oregon and 5 California, as well as in the south in Texas and Florida and in South Carolina. 6 7 Our public comment period closes on the We're planning to publish the final 8 21st of May. 9 programmatic EIS in August of '07, and coming out with 10 the record cessation about a month later. So we're 11 truly trying to move forward with this broad general 12 look at what the implications could be associated with 13 these types of technologies in the marine environment. 14 So how do you comment? Obviously I know 15 you've all signed up to be speakers, so you'll be commenting orally at this hearing. 16 17 As well, you can take a look at the 18 OCSEnergy.ANL.gov, and website. That's 19 comments via the website or in writing. And the 20 address is up there. And again, I know there's sheet up at the 21 22 front that if you need any of this information, you 23 can go back to the registration desk and they can give it to you. 24

So what I would like to do now is turn the

1 meeting back over to John so we can hear oral And John can kind of give you an idea of 2 3 what the rules of order are after this presentation. 4 But thank you very much for coming. 5 I look forward to hearing your comments. 6 MR. GASPER: Thanks, Maureen. 7 At this time I'd like to ask the MMS panel 8 to take their place on the stage. And now we begin the part of the hearing 9 10 today that's really yours. This is your opportunity 11 to make your thoughts known on the programmatic EIS 12 that was published about a month ago. MMS is very interested in hearing public 13 14 comments. In a lot of cases you folks are engaged in 15 either the geographical location, or maybe some of the technologies or have other familiarity with issues 16 that we don't. And it's very important to us that you 17 18 make those views known. 19 We've engaged a court reporter here today 20 to make sure that your comments are recorded as you 21 give them, and that they're a part of the permanent 22 Those will be used as input when we finalize 23 the programmatic EIS. 24 So we're grateful you came today, and are 25 very interested in hearing what you have to say about

that programmatic EIS.

As Mo mentioned, there are a couple of ways you can comment here today. The first is via written comments. When you came in and registered, you had the opportunity to pick up a comment form. If you didn't do that, they'll be available at the desk when you leave.

Just fill out your comments on that form. Fold it. Mail it in to the address that's on the back. If you have any other comments you'd like to send along or supporting materials, feel free to do that.

In addition, if you want to just submit your written comments to any of those of us here today that have a name tag who are supporting the Alternative Energy and Alternate Use Program, we'll make sure that your comments get recorded and used as input to the final EIS.

In addition, you have the opportunity to comment orally here today. We ask that if you want to make an oral comment and you haven't already, please go sign up at the registration desk. They'll register you and put you in line to speak. Speakers will be called up to make their comments in the order in which they registered.

1 We ask that when you do come up, please state your name, and your affiliation so that 2 3 the court reporter can accurately record who you are. 4 And then go ahead and make your statement. 5 Initially we're asking that you keep those comments to three minutes so that everybody will have 6 7 a chance to speak. Clearly if you need more time, I think we'll have plenty of time here today for you to 8 9 speak. But at least initially, let's keep it to three And then after everyone's had a chance to 10 minutes. 11 speak, if you'd like to elaborate, you'll have that 12 opportunity. So at this point in time, I think I'd like 13 14 to call the first speaker. The first registered 15 speaker is Sandra Young from the Alliance to Protect Nantucket Sound. 16 17 MS. YOUNG: Good morning. My name is 18 Sandra Young, and on behalf of the Alliance to Protect 19 Nantucket Sound, I thank you for the opportunity to 2.0 comment. Since 2002, the Alliance has been calling 21 22 for an OCS-wide renewable energy program based on a 23 programmatic environmental impact statement, which

could inform regulations and help manage the OCS

resource as a whole.

24

The Alliance supported legislation on the matter. We provided detailed comments in response to the Minerals Management Service's Advance Notice of Proposed Rulemaking. And we provided both testimony and written comments regarding the scope of the PEIS.

We wholeheartedly agree with the draft PEIS evaluation that having programmatic regulations is better than not having them. We are concerned, however, that this was the extent of the evaluation MMS conducted.

The draft PEIS focuses on whether or not there should be any national regulations. But the relevant NEPA question is not what is the impact of having any national regulations, rather MMS is tasked with assessing the environmental impacts of the specific regulations that are being proposed by the agency. Because the draft PEIS fails to address the impact of the specific national regulations, either the PEIS must be redone, or a second PEIS will be required to address the draft regs when they're published.

We're also concerned that the level of deference given to the industry in the development of the draft PEIS. As we stated in our scoping comments, federal agencies have a duty to look out for the best

interests of the environment and to be the counterweight that prevents private interests from exploiting federal resources to the detriment of the public trust.

The draft PEIS has failed to meet that public trust obligation. Instead, the scope of the review is dictated by current industry objectives. It defers comment on issues like cumulative impacts, and the development of exclusion zones until industry has decided where and how it would like to proceed. The deference that MMS has given to industry is not only a violation of public trust, it also undermines the purpose of programmatic regulations.

One of the main advantages of having a programmatic structure is that it allows resource management to be strategic and not just reactive. But by sidestepping important OCS-wide issues, and by allowing industry action to dictate when and how resources will be assessed and managed, MMS removes all ability for proactive and strategic management of the OCS resources.

The programmatic regulations, and by extension, the programmatic EIS should be addressing OCS-wide issues directly, and not sidestepping them.

I refer you to the Alliance's comments of

May 2006 on the scope of the PEIS and to our comments in response to the Advance Notice of Proposed Rulemaking submitted on February 22, 2006, and again encourage you to address issues which can inform the development of specific national regulations.

Thank you again.

MR. GASPER: Thank you. Our next speaker is Max Chamovits from OREC.

MR. CHAMOVITS: Good morning. I'm Max Chamovits speaking on behalf of the Ocean Renewable Energy Coalition.

Thanks for all the hard work you have done at MMS and for establishing a dialogue with the industry as you establish rules that will more than likely govern this industry for some time.

First, we are glad to see that MMS has included wave technologies along with offshore wind in its five-year planning cycle. Wave, as well as other ocean technologies, are advancing at a rapid clip with projects ready for testing and deployment. These technologies, for the most part, are being promoted by small companies that do not have the resources to undergo and survive a five-year long permitting process. We urge an expeditious licensing process with exemptions for test facilities as stated in our

1 comments in the MMS and OPR proceeding. 2 Moreover, the congressional deadline has 3 passed for issuing rules governing the licensing of 4 projects on the OCS. We encourage MMS to issue rules 5 expeditiously and resolve all jurisdictional problems with FERC. 6 7 Lastly, we would like to remind you that 8 advances in technologies, even energy-related technologies, are happening faster than they used to, 9 10 and the three-year, five-year, and seven-year planning 11 cycles should be sensitive to new and emerging 12 technologies that might not even be on our radar 13 screen today. 14 Thank you again for your hard work. 15 MR. GASPER: Thank you. Our next speaker -- Zach Corrigan for Food and Water Watch. 16 MR. CORRIGAN: Good morning. Thanks for 17 18 allowing me to comment today. 19 My name is Zach Corrigan and I'm the staff 20 attorney for Food and Water Watch, a national non-21 profit consumer organization that fights against 22 corporate abuse of our food supply and fresh and ocean 23 water resources. We will submit comprehensive written comments for the record at a later date. 24

Statements in MMS'

25

PEIS lead one

conclude the Agency is planning to issue proposed rules that a) establish the first national program for the permitting and regulating of fish farming, or aquaculture, in federal waters, and b) that allow energy companies to abandon old unused platforms at sea instead of requiring companies to remove them as currently mandated by federal law. We object to these plans and think they are outside the Agency's authority under the Energy Act of 2005. Our comments today are addressed both at these proposals as well as the Agency's flawed PEIS.

First, as a preliminary matter, we object to the MMS taking public comment on its PEIS before the Agency has issued proposed rules. Without proposed rules, the PEIS does not adequately describe the proposed program and this severely hinders our ability to fully assess the program's environmental impacts. We request that the Agency either issue a supplemental PEIS after it issues proposed rules, or reopen the PEIS comment period on this PEIS.

Second, MMS should drop its apparent plans to permit and regulate marine fish farming in federal waters. Fish farming involves the raising of carnivorous fin fish and often large carted cages where fish waste and chemicals flush straight into the

open ocean.

The 2005 Energy Act limits the Agency's power to regulate authorized marine-related uses or activities, that is activities specifically authorized by Congress. Congress has not specifically authorized offshore aquaculture. MMS should not use this rulemaking to bypass Congress and allow commercial fish farms for the first time in federal waters.

Third, the PEIS is inadequate because the Agency fails to assess the likely impacts related to permanent ultra-aquaculture facilities on energy platforms. Most glaring is MMS' failure to assess the cumulative impacts of ultra-aquaculture, which the Agency says are unknown at this time. This is not an excuse. NEPA requires the Agency to assess all reasonable foreseeable effects.

Fourth, nothing in the 2005 Energy Act gives MMS authority to create a federal rigabandonment program by overturning current federal law that generally requires energy companies to remove their platforms after they cease energy production.

Further, it is simply inappropriate to allow energy companies to turn our oceans into their own private dumping grounds in order to save the industry \$9 billion in removal costs, estimated

1 through 2020. 2 Finally, the PEIS is inadequate because it fails to assess the likely negative impacts related to 3 4 allowing rigs to be abandoned at sea. Among other 5 issues, the PEIS fail to assess the long-term affects of rig abandonment, such as how abandoned rigs can 6 make the mercury and old discarded drilling wastes 7 that exist in surrounding sediments more biologically 8 available for uptake by marine organisms, exposing 9 10 fish populations and threatening public health. 11 We urge the Agency to address these 12 impacts and take these comments seriously as it moves 13 forward on its rulemaking. MR. GASPER: 14 Thank you. 15 That brings us to the end of the speakers 16 who registered. Is there anybody else in the audience 17 who'd like to offer comments today? 18 not, then I declare this hearing 19 Thanks for coming. 2.0 (Whereupon, at 10:32 a.m., the hearing was 21 adjourned.) 22 23 24